

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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This Week In Canadian Agriculture - Issue 6

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Report Highlights:

Destruction of Japanese Infrastructure Likely to Impact Canadian Grain and Oilseed Exports * Public
Disclosure of Canadian Food Inspection Agency Enforcement Activities to Increase * Cheese
Compositional Standards Stand * Hog Sustainable Development Plan Released in Manitoba

This Week in Canadian Agriculture is a review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press article summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

Destruction of Japanese Infrastructure Likely to Impact Canadian Grain and Oilseed Exports

How damage from the earthquake, tsunami, and nuclear crisis will affect Japanese grain and oilseed imports remains unclear. It has been reported that 20 percent of Japanese grain handling ports have sustained major damage resulting in a disruption in the supply chains. It has also been reported that Japan has placed a tender for 32.4 thousand metric tons of Canadian red spring wheat post-disaster. The Canadian Wheat Board's (CWB) exports an average of 1.2 million tons of wheat per year to Japan. While the CWB is optimistic about business in the longer term with Japan, the CWB also acknowledged that there will be some issues with congestion and logistics due to the damage to Japanese ports and infrastructure. Japan has also been a steady purchaser of Canadian canola, purchasing about 1.9 million to 2.1 million tons annually. It is expected that in the short term, the demand for canola will stop but be replaced by a demand for canola oil due to disruption in supply chains. Canada's domestic crush capacity has room to accommodate increased demand for canola oil by Japan.

Public Disclosure of Canadian Food Inspection Agency Enforcement Activities to Increase

On March 16, 2011, Canada's Minister of Agriculture announced new communication measures that the Canadian Food Inspection Agency (CFIA) is taking to render its food safety enforcement and compliance activities more transparent. This new direction is to help re-enforce public confidence in the Canadian food safety system after a series of food safety scares (e.g. tainted imports from China, listeriosis contamination in domestically produced deli meats). This new reporting is similar to the type of reporting currently carried out by the Food and Drug Administration (FDA), the Food Safety Inspection Service (FSIS) and the Animal and Plant Health Inspection Service (APHIS) of the United States. The CFIA new initiatives include publically disclosing: (1) food imports that have been refused entry into Canada, (2) information on federally registered food production establishments whose licenses have been cancelled, suspended or re-instated, and (3) notices of violations with warning and penalties, including identifying repeat offenders of animal transport regulations. Links to the URL addresses where this information is located are listed below:

Imports that have been refused entry:

<http://www.inspection.gc.ca/english/agen/transp/comp/refimpe.shtml>

Status of federally registered food production establishments:

<http://www.inspection.gc.ca/english/agen/transp/comp/suspe.shtml>

Notices of violations:

<http://www.inspection.gc.ca/english/agen/transp/comp/pene.shtml>

The official press release issued by the Minister can be viewed at the following web address:

<http://www.inspection.gc.ca/english/corpaffr/newcom/2011/20110316e.shtml>

Cheese Compositional Standards Stand

Kraft Canada and Saputo, two of the three largest cheese manufacturers in Canada, have failed to win their appeal of a federal ruling supporting the authority of the federal government to set compositional standards. The cheese processors were protesting the authority of the federal government to set compositional standards after the government implemented regulations in December 2008 that set the minimum level of milk that could be used in the manufacturing of cheese sold in the Canadian domestic market. The Canadian government brought in the regulations after complaints from the Canadian dairy farmers that cheese processors were using increasing amounts of milk protein concentrate (MPC) in cheese manufacturing. Canada's tariff rate quotas (TRQ) severely limit the amount of dairy products and ingredients that can enter the Canadian market; however MPC was not among the ingredients that had been assigned a TRQ. In addition to setting compositional standards for cheese which limit the amount of MPC in cheese manufacturing, Canada also used Article XXVIII of the General Agreement on Trade and Tariffs to implement a new TRQ for MPC. Although Canada decided that the MPC TRQ is not applicable to the United States due to the North American Free Trade Agreement, the new cheese regulations require that all cheese imports meet the domestic regulations. As a result, U.S. produced cheeses sold in Canada must meet minimum casein and whey ratios (must have a whey-protein to casein ratio no greater than the ratio of whey-protein to casein ratio of milk). The Federal Court's ruling was announced February 28, 2011. Kraft Canada and Parmalat have made no public statement regarding the ruling.

Hog Sustainable Development Plan Released in Manitoba

Manitoba Pork Council (MPC) has released its vision for long-term sustainability in a document entitled "Embracing a Sustainable Future". This comes after three years of research which coincided with three years of intense swine industry challenges. The plan is comprised of 82 commitments that reflect nine key areas of concern identified by the council and industry producers: green farming practices, barn location, animal care, farm safety, research, education and public awareness, food safety, trade and social responsibility. Among other things, the MPC hopes to encourage producers to phase out gestation stalls by 2025, to invest in new technologies that minimize the release of methane gases from pig production facilities and to commit to leading the effort of developing a practical system of traceability for pigs and pig farms within the next three years to help reduce losses in the event of a disease outbreak. "It is intended to open a conversation with all Manitobans about how farming is done. It is a living document that Manitoba Pork will constantly revisit over the coming years", the MPC press release states. About one third of the Canadian hog sector is concentrated in Manitoba. At this point, there is no indication of a similar document being adopted in other provinces.

The MPC plan can be downloaded here: <http://www.manitobapork.com/sustainablefuture.aspx>

Exchange Rate: Noon rate, March 18, 2011 (Bank of Canada): U.S. Dollar = C\$ 0.9844